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HOUSE BILL 917

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Mimi Stewart

AN ACT

RELATING TO PUBLIC SCHOOLS; PROVIDING FOR A LOCAL OPTION
PROPERTY TAX FOR SCHOOL DISTRICT OPERATIONAL PURPOSES; CREATING
A FUND; PROVIDING FOR DISTRIBUTION; AMENDING AND ENACTING
SECTIONS OF THE NMSA 1978; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. [NEW MATERIAL] SHORT TITLE. -- Sections 1
through 7 of this act may be cited as the "Local Operational
School Levy Act".

Section 2. [NEW MATERIAL] DEFINITIONS. -- As used in the
Local Operational School Levy Act:

A. "department" means the state department of
public education;

B. "forty-day program costs" means program costs,
as defined in the Public School Finance Act, for any school

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1 district as calculated using membership, as defined in the
2 Public School Finance Act, on the fortieth day of the
3 applicable school year in that school district;

4 C. "local school board" means the governing body of
5 a school district;

6 D. "operational purposes" means those expenditure
7 categories for the general operation of a school district that
8 are defined in state board of education rules for uniform
9 financial accounting and budgeting for school districts;

10 E. "superintendent" means the superintendent of
11 public instruction; and

12 F. "taxable value of property" means the sum of the
13 following:

14 (1) the "net taxable value", as that term is
15 defined in the Property Tax Code, of property subject to
16 taxation under the Property Tax Code;

17 (2) the "assessed value" of "products" as
18 those terms are defined in the Oil and Gas Ad Valorem
19 Production Tax Act;

20 (3) the "assessed value" of "equipment" as
21 those terms are defined in the Oil and Gas Production Equipment
22 Ad Valorem Tax Act; and

23 (4) the "taxable value" of "copper mineral
24 property" as those terms are defined in the Copper Production
25 Ad Valorem Tax Act.

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1 Section 3. [NEW MATERIAL] LOCAL SCHOOL BOARD--
2 AUTHORIZATION TO IMPOSE A TAX FOR SCHOOL DISTRICT OPERATIONAL
3 PURPOSES-- RESOLUTION-- ELECTION REQUIRED. --

4 A. A local school board may adopt a resolution
5 authorizing, for school district operational purposes, the
6 imposition of a property tax upon the taxable value of property
7 in the school district. The total tax imposition that may be
8 authorized under the Local Operational School Levy Act shall
9 not exceed a rate of four dollars (\$4.00) on each one thousand
10 dollars (\$1,000) of taxable value of property in the school
11 district.

12 B. The tax authorized pursuant to Subsection A of
13 this section shall not be imposed unless the question of
14 authorizing the imposition of the tax is submitted to the
15 voters of the district. The local school board shall not
16 submit to the voters at any one election a question authorizing
17 the imposition of a tax under the Local Operational School Levy
18 Act at a rate greater than two dollars (\$2.00) on each one
19 thousand dollars (\$1,000) of taxable value of property in the
20 school district or for a period of more than ten years.
21 However, if a tax is imposed pursuant to approval at a special
22 school district election prior to the 2005 regular school
23 district election, the period for which the tax is imposed
24 shall be for a period ending no later than December 31, 2013.

25 C. During the three years prior to the expiration

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1 of any period during which a tax has been authorized to be
2 imposed pursuant to the Local Operational School Levy Act, the
3 local school board may adopt a resolution under Subsection A of
4 this section and submit to the voters of the district the
5 question of authorizing the imposition of a tax under that act
6 for an additional period not to exceed ten years with the tax
7 to be certified and first imposed for the period immediately
8 succeeding the last year of the period the tax was previously
9 authorized to be imposed.

10 D. Any resolution adopted pursuant to Subsection A
11 of this section shall specify:

12 (1) the rate of the proposed tax;

13 (2) the date a referendum will be held to
14 submit the question of imposition of the tax to the voters of
15 the school district;

16 (3) the period of time the tax is authorized
17 to be imposed; and

18 (4) the proposed use of the revenues from the
19 proposed tax.

20 E. The local school board shall mail the
21 superintendent a copy of the resolution authorizing a tax
22 pursuant to Subsection A of this section within two weeks
23 following its adoption by the local school board.

24 F. Any amounts received by the school district
25 under the provisions of the Local Operational School Levy Act

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1 shall be expended only for operational purposes of the school
2 district.

3 Section 4. [NEW MATERIAL] CONDUCT OF ELECTION--BALLOT.--

4 A. The question of authorizing the imposition of a
5 tax under the Local Operational School Levy Act shall be
6 submitted to the voters at the first regular school district
7 election following the adoption of a resolution pursuant to
8 Section 3 of the Local Operational School Levy Act. However,
9 if a local school board deems it necessary, it may call a
10 special school district election to submit to the voters the
11 initial question of the authorization of a tax under the Local
12 Operational School Levy Act. Thereafter, the question of
13 authorizing the imposition of any additional tax under the
14 Local Operational School Levy Act shall be submitted to the
15 voters only at regular school district elections.

16 B. The proclamation calling the election shall be
17 filed and published as required under the School Election Law
18 and shall specify:

19 (1) the date on which the election will be
20 held;

21 (2) the question of whether the imposition of
22 a property tax for school district operational purposes shall
23 be authorized pursuant to the Local Operational School Levy Act
24 at a rate not to exceed the rate specified in the authorizing
25 resolution and for the period specified in that resolution;

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1 (3) the precincts in each county in which the
2 election is to be held and the location of each polling place;

3 (4) the hours each polling place will be open;
4 and

5 (5) the date and time of the closing of the
6 registration books by the county clerk as required by law.

7 C. The ballot shall include the information
8 specified in Paragraph (2) of Subsection B of this section and
9 shall present the voter the choice of voting "for the local
10 operational school levy" or "against the local operational
11 school levy".

12 D. The election shall be held, conducted and
13 canvassed pursuant to the School Election Law.

14 E. The local school board shall notify the
15 superintendent of the results of the election immediately upon
16 completion of the canvass.

17 F. Any resolution authorizing a tax pursuant to the
18 Local Operational School Levy Act shall be adopted by a date
19 necessary to ensure that the results of the election on the
20 question of imposing the tax shall be certified no later than
21 June 15 of the property tax year for which the tax rates will
22 first be certified.

23 Section 5. [NEW MATERIAL] IMPOSITION OF TAX--
24 CERTIFICATION BY DEPARTMENT OF FINANCE AND ADMINISTRATION--
25 DISCONTINUANCE OF TAX. --

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1 A. If a majority of the voters voting on the
2 question votes for a local operational school levy pursuant to
3 a resolution adopted under the Local Operational School Levy
4 Act, the tax shall be imposed for the earliest period for which
5 the tax rate may be certified, except as otherwise provided in
6 that act. The tax rate shall be certified by the department of
7 finance and administration and imposed, administered and
8 collected in accordance with the provisions of the Oil and Gas
9 Ad Valorem Production Tax Act, the Oil and Gas Production
10 Equipment Ad Valorem Tax Act, the Copper Production Ad Valorem
11 Tax Act and the Property Tax Code.

12 B. If a majority of the voters voting on the
13 question votes against a local operational school levy, the tax
14 shall not be imposed. The local school board shall not again
15 adopt a resolution authorizing the imposition of a tax under
16 the Local Operational School Levy Act for at least two years
17 after the date of the resolution that the voters rejected.

18 C. The department of finance and administration
19 shall not certify the tax rates for taxes authorized pursuant
20 to the Local Operational School Levy Act in any year in which
21 the superintendent certifies by July 1 of that year that money
22 in the local operational school fund for the next school year
23 is not sufficient to meet the demands on the fund. The tax
24 rates authorized but not certified shall be certified in the
25 first succeeding year for which the necessary appropriation to

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1 the local operational school fund for the next school year has
2 been made.

3 D. The department of finance and administration
4 shall not certify the tax rate for a tax authorized pursuant to
5 the Local Operational School Levy Act for any school district
6 in the state in any year in which the state department of
7 public education notifies the department of finance and
8 administration by August 1 that the imposition of the taxes or
9 the use of revenues from the taxes would result in:

10 (1) the failure to qualify for certification
11 by the secretary of the United States department of education
12 as having in effect for the tax year in which the tax would
13 otherwise be imposed, administered and collected a program of
14 state aid that equalizes expenditures for free public education
15 among local educational agencies in the state; or

16 (2) when computed according to 20 U. S. C.
17 7709(d)(1), a proportion of less than eighty percent in any
18 school district.

19 E. The local school board may discontinue by
20 resolution the imposition of any tax authorized pursuant to the
21 Local Operational School Levy Act. The discontinuance
22 resolution shall be mailed to the department of finance and
23 administration and the superintendent no later than June 15 of
24 the year in which a tax rate pursuant to that act is not to be
25 certified.

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1 Section 6. [NEW MATERIAL] LOCAL OPERATIONAL SCHOOL FUND
2 CREATED--APPROPRIATION.--There is created in the state treasury
3 the "local operational school fund". The fund shall be
4 invested as other state funds are invested. Earnings on
5 balances in the local operational school fund shall be credited
6 to the fund, and amounts in the fund are appropriated for the
7 purposes of the Local Operational School Levy Act.

8 Section 7. [NEW MATERIAL] STATE GUARANTEE--STATE
9 DISTRIBUTION--REMITTANCE OF EXCESS AMOUNTS.--

10 A. The state guarantee for a school district that
11 has imposed a tax pursuant to the Local Operational School Levy
12 Act shall be an amount equal to the product obtained by
13 multiplying two and one-half percent by the tax rate certified
14 pursuant to that act and multiplying that product by the forty-
15 day program cost for the school year beginning in any year a
16 tax rate under that act is certified for that district.

17 B. The state distribution for a district for a
18 school year is an amount that shall not exceed the state
19 guarantee for that district and that is equal to the amount by
20 which the guarantee exceeds the revenue from the tax imposed in
21 that district pursuant to the Local Operational School Levy Act
22 received during the period beginning June 1 of the year during
23 which a tax rate under that act is certified for the district
24 and ending May 31 of the next year. If a school district is
25 entitled to a state distribution, the superintendent shall

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1 distribute the calculated amount from the local operational
2 school fund to the school district not later than June 30 of
3 the calendar year following the year during which the tax rate
4 was certified.

5 C. If the revenue received during the period June 1
6 to ~~May~~ 31 from the imposition of the tax authorized by the
7 Local Operational School Levy Act exceeds the state guarantee
8 for the school year during which the revenue was received, the
9 local school board shall remit to the local operational school
10 fund by June 30 of the school year an amount equal to the sum
11 of the amounts derived from the following three calculations:

12 (1) one-fourth of the amount of revenue that
13 exceeds one hundred twenty-five percent of the state guarantee
14 but is less than one hundred fifty percent of the state
15 guarantee;

16 (2) one-half of the amount of revenue that is
17 one hundred fifty percent or more of the state guarantee but
18 less than one hundred seventy-five percent of the state
19 guarantee; and

20 (3) three-fourths of the amount of revenue
21 that is one hundred seventy-five percent or more of the state
22 guarantee.

23 D. If the balance in the local operational school
24 fund in any fiscal year is insufficient to pay the sum of the
25 distribution amounts determined to be due to all the school

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1 districts entitled to a distribution, the amount necessary to
2 pay all distribution amounts in full shall be transferred from
3 the state-support reserve fund to the local operational school
4 fund for distribution to school districts as required pursuant
5 to this section. However, if there is not a sufficient balance
6 in the state-support reserve fund to pay both the full state
7 equalization guarantee distribution and the state distributions
8 under this section, the state equalization guarantee
9 distribution shall be made in full and, based on the amount
10 available in the local operational school fund, each state
11 distribution amount due pursuant to this section shall be
12 reduced proportionately.

13 E. Distributions to school districts made pursuant
14 to the Local Operational School Levy Act shall be supplemental
15 to state equalization guarantee distributions made pursuant to
16 the Public School Finance Act. In no fiscal year shall the
17 amount of state funding pursuant to the Public School Finance
18 Act be reduced because of the imposition in one or more school
19 districts of a tax under the Local Operational School Levy Act.
20 The absence of a distribution to a school district under the
21 Local Operational School Levy Act shall not affect the amount
22 of any state equalization guarantee distributions to that
23 district pursuant to the Public School Finance Act.

24 Section 8. Section 7-37-7.1 NMSA 1978 (being Laws 1979,
25 Chapter 268, Section 1, as amended) is amended to read:

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1 "7-37-7. 1. ADDITIONAL LIMITATIONS ON PROPERTY TAX

2 RATES. --

3 A. Except as provided in Subsections D and E of
4 this section, in setting the general property tax rates for
5 residential and nonresidential property authorized in
6 Subsection B of Section 7-37-7 NMSA 1978, the other rates and
7 impositions authorized in Paragraphs (2) and (3) of Subsection
8 C of Section 7-37-7 NMSA 1978, except the portion of the rate
9 authorized in Paragraph (1) of Subsection A of Section 4-48B-12
10 NMSA 1978 used to meet the requirements of Section 27-10-4 NMSA
11 1978 and except rates authorized pursuant to the Local
12 Operational School Levy Act, and benefit assessments authorized
13 by law to be levied upon net taxable value of property,
14 assessed value or a similar term, neither the department of
15 finance and administration nor any other entity authorized to
16 set or impose a rate or assessment shall set a rate or impose a
17 tax or assessment that will produce revenue from either
18 residential or nonresidential property in a particular
19 governmental unit in excess of the sum of a dollar amount
20 derived by multiplying the appropriate growth control factor by
21 the revenue due from the imposition on residential or
22 nonresidential property, as appropriate, for the prior property
23 tax year in the governmental unit of the rate, imposition or
24 assessment for the specified purpose plus, for the calculation
25 for the rate authorized for county operating purposes by

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1 Subsection B of Section 7-37-7 NMSA 1978 with respect to
2 residential property, any applicable tax rebate adjustment.
3 The calculation described in this subsection shall be
4 separately made for residential and nonresidential property.
5 Except as provided in Subsections D and E of this section, no
6 tax rate or benefit assessment that will produce revenue from
7 either class of property in a particular governmental unit in
8 excess of the dollar amount allowed by the calculation shall be
9 set or imposed. The rates imposed pursuant to Sections 7-32-4
10 and 7-34-4 NMSA 1978 shall be the rates for nonresidential
11 property that would have been imposed but for the limitations
12 in this section. As used in this section, "growth control
13 factor" is a percentage equal to the sum of "percent change I"
14 plus V where:

15 (1)
$$V = \frac{\text{base year value} + \text{net new value}}{\text{base year value}}$$

16
17 expressed as a percentage, but if the percentage calculated is
18 less than one hundred percent, then V shall be set and used as
19 one hundred percent;

20 (2) "base year value" means the value for
21 property taxation purposes of all residential or nonresidential
22 property, as appropriate, subject to valuation under the
23 Property Tax Code in the governmental unit for the specified
24 purpose in the prior property tax year;

25 (3) "net new value" means the additional value

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1 of residential or nonresidential property, as appropriate, for
2 property taxation purposes placed on the property tax schedule
3 in the current year resulting from the elements in
4 Subparagraphs (a) through (d) of this paragraph reduced by the
5 value of residential or nonresidential property, as
6 appropriate, removed from the property tax schedule in the
7 current year and, if applicable, the reductions described in
8 Subparagraph (e) of this paragraph:

9 (a) residential or nonresidential
10 property, as appropriate, valued in the current year that was
11 not valued at all in the prior year;

12 (b) improvements to existing residential
13 or nonresidential property, as appropriate;

14 (c) additions to residential or
15 nonresidential property, as appropriate, or values that were
16 omitted from previous years' property tax schedules even if
17 part or all of the property was included on the schedule, but
18 no additions of values attributable to valuation maintenance
19 programs or reappraisal programs shall be included;

20 (d) additions to nonresidential property
21 due to increases in annual net production values of mineral
22 property valued in accordance with Section 7-36-23 or 7-36-25
23 NMSA 1978 or due to increases in market value of mineral
24 property valued in accordance with Section 7-36-24 NMSA 1978;
25 and

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1 (e) reductions to nonresidential
2 property due to decreases in annual net production values of
3 mineral property valued in accordance with Section 7-36-23 or
4 7-36-25 NMSA 1978 or due to decreases in market value of
5 mineral property valued in accordance with Section 7-36-24 NMSA
6 1978; and

7 (4) "percent change I" means a percent not in
8 excess of five percent that is derived by dividing the annual
9 implicit price deflator index for state and local government
10 purchases of goods and services, as published in the United
11 States department of commerce monthly publication entitled
12 "survey of current business" or any successor publication, for
13 the calendar year next preceding the prior calendar year into
14 the difference between the prior year's comparable annual index
15 and that next preceding year's annual index if that difference
16 is an increase, and if the difference is a decrease, the
17 "percent change I" is zero. In the event that the annual
18 implicit price deflator index for state and local government
19 purchases of goods and services is no longer prepared or
20 published by the United States department of commerce, the
21 department shall adopt by regulation the use of any comparable
22 index prepared by any agency of the United States.

23 B. If, as a result of the application of the
24 limitation imposed under Subsection A of this section, a
25 property tax rate for residential or nonresidential property,

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1 as appropriate, authorized in Subsection B of Section 7-37-7
2 NMSA 1978 is reduced below the maximum rate authorized in that
3 subsection, no governmental unit or entity authorized to impose
4 a tax rate under Paragraph (2) of Subsection C of Section
5 7-37-7 NMSA 1978 shall impose any portion of the rate
6 representing the difference between a maximum rate authorized
7 under Subsection B of Section 7-37-7 NMSA 1978 and the reduced
8 rate resulting from the application of the limitation imposed
9 under Subsection A of this section.

10 C. If the net new values necessary to make the
11 computation required under Subsection A of this section are not
12 available for any governmental unit at the time the calculation
13 must be made, the department of finance and administration
14 shall use a zero amount for net new values when making the
15 computation for the governmental unit.

16 D. Any part of the maximum tax rate authorized for
17 each governmental unit for residential and nonresidential
18 property by Subsection B of Section 7-37-7 NMSA 1978 that is
19 not imposed for a governmental unit for any property tax year
20 for reasons other than the limitation required under Subsection
21 A of this section may be authorized by the department of
22 finance and administration to be imposed for that governmental
23 unit for residential and nonresidential property for the
24 following tax year subject to the restriction of Subsection D
25 of Section 7-38-33 NMSA 1978.

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1 E. If the base year value necessary to make the
2 computation required under Subsection A of this section is not
3 available for any governmental unit at the time the calculation
4 must be made, the department of finance and administration
5 shall set a rate for residential and nonresidential property
6 that will produce in that governmental unit a dollar amount
7 that is not in excess of the property tax revenue due for all
8 property for the prior property tax year for the specified
9 purpose of that rate in that governmental unit.

10 F. For the purposes of this section:

11 (1) "nonresidential property" does not include
12 any property upon which taxes are imposed pursuant to the Oil
13 and Gas Ad Valorem Production Tax Act, the Oil and Gas
14 Production Equipment Ad Valorem Tax Act or the Copper
15 Production Ad Valorem Tax Act; and

16 (2) "tax rebate adjustment" means, for those
17 counties that have an ordinance in effect providing the
18 property tax rebate pursuant to the Income Tax Act for the
19 property tax year and that have not imposed for the property
20 tax year either a property tax, the revenue from which is
21 pledged for payment of the income tax revenue reduction
22 resulting from the provision of the property tax rebate, or a
23 property transfer tax, the estimated amount of the property tax
24 rebate to be allowed with respect to the property tax year, and
25 for any other governmental unit or purpose, zero; provided that

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1 any estimate of property tax rebate to be allowed is subject to
2 review for appropriateness and approval by the department of
3 finance and administration. "

4 Section 9. Section 22-8-25 NMSA 1978 (being Laws 1981,
5 Chapter 176, Section 5, as amended) is amended to read:

6 "22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--
7 DEFINITIONS--DETERMINATION OF AMOUNT. --

8 A. The state equalization guarantee distribution is
9 that amount of money distributed to each school district to
10 ensure that the school district's operating revenue, including
11 its local and federal revenues as defined in this section, is
12 at least equal to the school district's program cost.

13 B. "Local revenue", as used in this section, means
14 seventy-five percent of receipts to the school district derived
15 from that amount produced by a school district property tax
16 applied at the rate of fifty cents (\$.50) to each one thousand
17 dollars (\$1,000) of net taxable value of property allocated to
18 the school district and to the assessed value of products
19 severed and sold in the school district as determined under the
20 Oil and Gas Ad Valorem Production Tax Act and upon the assessed
21 value of equipment in the school district as determined under
22 the Oil and Gas Production Equipment Ad Valorem Tax Act. The
23 school district shall budget and expend twenty percent of the
24 total revenue receipts for capital outlay.

25 C. "Federal revenue", as used in this section,

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1 excludes amounts that if taken into consideration in the
2 computation of the state equalization guarantee distribution
3 will result, pursuant to federal law or regulations, in the
4 reduction or elimination of federal school funding otherwise
5 receivable by the district, and means:

6 (1) receipts to the school district [~~excluding~~
7 ~~amounts that, if taken into account in the computation of the~~
8 ~~state equalization guarantee distribution, result, under~~
9 ~~federal law or regulations, in a reduction in or elimination of~~
10 ~~federal school funding otherwise receivable by the school~~
11 ~~district]~~ derived from the following:

12 [~~(1)~~] (a) seventy-five percent of the
13 school district's share of forest reserve funds distributed in
14 accordance with Section 22-8-33 NMSA 1978. The school district
15 shall budget and expend twenty percent of the total forest
16 reserve receipts for capital outlay; and

17 [~~(2)~~] (b) seventy-five percent of grants
18 from the federal government as assistance to those areas
19 affected by federal activity authorized in accordance with
20 Title 20 of the United States Code, commonly known as "PL 874
21 funds" or "impact aid". The school district shall budget and
22 expend twenty percent of the grant receipts for capital outlay;
23 or

24 (2) with respect to a school district that
25 received PL 874 funds and for which a proportion of less than

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1 seventy-five percent is calculated for the purpose of taking PL
2 874 funds into consideration in determining the state
3 equalization guarantee distribution, that lesser proportion of
4 receipts to the school district derived from grants from the
5 federal government as assistance to those areas affected by
6 federal activity authorized in accordance with Title 20 of the
7 United States Code.

8 D. To determine the amount of the state
9 equalization guarantee distribution, the state superintendent
10 shall:

11 (1) calculate the number of program units to
12 which each school district is entitled using an average of the
13 MEM on the fortieth, eightieth and one hundred twentieth days
14 of the prior year; or

15 (2) calculate the number of program units to
16 which a school district operating under an approved year-round
17 school calendar is entitled using an average of the MEM on
18 appropriate dates established by the state board; or

19 (3) calculate the number of program units to
20 which a school district with a MEM of two hundred or less is
21 entitled by using an average of the MEM on the fortieth,
22 eightieth and one hundred twentieth days of the prior year or
23 the fortieth day of the current year, whichever is greater; and

24 (4) using the results of the calculations in
25 Paragraph (1), (2) or (3) of this subsection and the

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1 instructional staff training and experience index from the
2 October report of the prior school year, establish a total
3 program cost of the school district;

4 (5) calculate the local and federal revenues
5 as defined in this section;

6 (6) deduct the sum of the calculations made in
7 Paragraph (5) of this subsection from the program cost
8 established in Paragraph (4) of this subsection; and

9 (7) deduct the total amount of guaranteed
10 energy savings contract payments that the state superintendent
11 determines will be made to the school district from the public
12 school utility conservation fund during the fiscal year for
13 which the state equalization guarantee distribution is being
14 computed.

15 E. The amount of the state equalization guarantee
16 distribution to which a school district is entitled is the
17 balance remaining after the deductions made in Paragraphs (6)
18 and (7) of Subsection D of this section.

19 F. The state equalization guarantee distribution
20 shall be distributed prior to June 30 of each fiscal year. The
21 calculation shall be based on the local and federal revenues
22 specified in this section received from June 1 of the previous
23 fiscal year through May 31 of the fiscal year for which the
24 state equalization guarantee distribution is being computed.

25 In the event that a school district has received more state

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1 equalization guarantee funds than its entitlement, a refund
2 shall be made by the school district to the state general
3 fund. "

4 Section 10. Section 22-8-31 NMSA 1978 (being Laws 1967,
5 Chapter 16, Section 84, as amended) is amended to read:

6 "22-8-31. STATE-SUPPORT RESERVE FUND. --

7 A. The "state-support reserve fund" is created.

8 B. The state-support reserve fund shall be used
9 only to augment the appropriations for the state equalization
10 guarantee distribution and the distributions pursuant to the
11 Local Operational School Levy Act in order to [~~insure~~] ensure,
12 to the extent of the amount undistributed in the fund, that the
13 maximum figures for such [~~distribution~~] distributions
14 established by law shall not be reduced.

15 C. The undistributed money in the state-support
16 reserve fund shall be invested by the state treasurer in
17 interest-bearing securities of the United States government or
18 in certificates of deposit in qualified banks and in savings
19 and [~~loans~~] loan associations whose deposits are insured with
20 an agency of the United States. The state treasurer may
21 deposit money from the state-support reserve fund or any other
22 fund in one or more accounts with any such bank or federally
23 insured savings and loan association, but the state treasurer,
24 in any official capacity, shall not deposit money from [~~said~~]
25 that fund or any other fund in any one [~~such~~] federally insured

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1 savings and loan association the aggregate of which would
2 exceed the amount of federal savings and loan insurance
3 corporation insurance for a single public account. Income from
4 these investments shall be periodically credited to the general
5 fund.

6 D. At least forty-five days before the money is
7 needed, the [~~chief~~] state superintendent shall notify the state
8 treasurer in writing of the amount that will be needed for the
9 state equalization guarantee distribution. At least twenty-
10 five days before the money is needed, the state superintendent
11 shall notify the state treasurer in writing of the amount that
12 will be needed for transfer to the local operational school
13 fund for distribution pursuant to the Local Operational School
14 Levy Act. The state treasurer shall transfer to the local
15 operational school fund the amount requested or the remaining
16 unencumbered balance in the state-support reserve fund after
17 the state equalization guarantee distribution amount has been
18 subtracted, whichever is less.

19 E. In the event that local or federal revenues as
20 defined in Section [~~77-6-19 NMSA 1953~~] 22-8-25 NMSA 1978 are
21 received after May 31 of the fiscal year for which the state
22 equalization guarantee distribution is being computed and it is
23 therefore necessary to use money from the state-support reserve
24 fund to augment the appropriation for the state equalization
25 guarantee distribution, the [~~chief~~] state superintendent, upon

underscored material = new
[bracketed material] = del ete

1 receipt by the school district of the delayed local or federal
2 revenues, shall deduct the appropriate amount from the current
3 state equalization guarantee distribution to that school
4 district and reimburse the state-support reserve fund in the
5 amount of the deduction.

6 F. It is the intent of the legislature that the
7 state-support reserve fund be reimbursed in the amount of the
8 yearly [~~distribution~~] distributions by appropriation in the
9 year following the distribution so that the fund at the
10 beginning of each fiscal year shall have a credit balance of at
11 least ten million dollars (\$10,000,000).

12 G. Distribution from [~~this~~] the state-support
13 reserve fund shall be made in the same manner and on the same
14 basis as the state equalization guarantee distribution. "